

Section Five

Royalty Production and Revenue

Introduction

The State of Alaska receives a royalty of approximately 12.5 percent of the oil and gas produced from its leases. The state may take its share of oil production “in-kind” or “in-value.” When the State takes its royalty share in-kind (RIK), it assumes possession of the oil or gas. The commissioner of Natural Resources may sell the RIK oil or gas in a competitive auction or through a non-competitive sale negotiated with a single buyer. When the state takes its royalty in-value (RIV), the state’s lessees who produce the oil or gas, market the State’s share along with their own share of production. The lessees remit cash payments on a monthly basis for the state’s RIV share.

Over the last 30 years the state has taken about one-half of its royalty oil as RIK.¹ The State has sold nearly 800 million barrels of RIK oil during this time, most of it in-state. These in-state sales provided an important stimulus to the Alaska’s refining industry by providing long-term supplies of oil to each of the state’s four refineries (see Section III for more on Alaska’s refining industry). Over the years, State RIK sales fueled many controversies and policy debates over the appropriate use of the state’s natural resources.

Cook Inlet

In 1969 the commissioner of Natural Resources negotiated a sale of 100 percent of the State’s royalty from Cook Inlet to the Alaska Oil and Refining Company. Within months of signing the contract Alaska Oil and Refining Company merged with the Tesoro Petroleum Company. Tesoro subsequently built a new refinery in Nikiski on the Kenai Peninsula next to Chevron’s refinery, built in 1964. Between 1969 and 1985 the state sold all of its Cook Inlet royalty oil to the Tesoro refinery. By 1980, the production decline in the Cook Inlet prompted Tesoro to negotiate the first of several sales contracts with the state for supplies of RIK oil from the North Slope. By the end of 1985 Tesoro had replaced its Cook Inlet RIK volumes with supplies of RIK from the North Slope.

In 1987 the state began to export Cook Inlet RIK oil to the Chinese Petroleum Company. These volumes were produced from fields on the West Side of the Cook Inlet after the federal government exempted Cook Inlet production from export administration regulations. The state sold 97 percent of the royalty production from the McArthur River, Trading Bay, North Trading Bay, and Granite Point fields in a series of one-year competitive auctions. In 1991 deliveries under the last Chinese Petroleum contract were halted under force majeure following the December 1989 eruption of the Mount Redoubt volcano. There have been no Cook Inlet RIK sales since (See Table V.8.).

¹ The state also sold 10.4 Bcf of RIK gas in a contract to Alaska Pipeline Company (Enstar) from 1977 through 1984 from Cook Inlet royalty production. In a bid to encourage development of the gas resource in Prudhoe Bay, the state entered 20-year contracts in January 1977 to supply El Paso Natural Gas Co., Tenneco Alaska, Inc. and Southern Natural Gas Co. with 25%, 50%, and 25%, respectively, of Prudhoe Bay Unit RIK gas. The contracts terminated in May 1978 when the proposed El Paso Trans-Alaska Gas Pipeline did not receive Federal certification.

North Slope

Over the past 25 years, the state has held nine RIK sales involving portions of its Alaska North Slope (ANS) royalty oil production. These sales are summarized in Table V.7 and Figure V.3. In 1976, the State signed a six-year contract with Golden Valley Electric Association (GVEA), the electric utility in Fairbanks, to sell approximately 3,300 barrels of ANS crude oil per day as turbine fuel. GVEA did not exercise its option to take RIK until 1981 and it traded these volumes with Mapco (now Williams Alaska) in exchange for refined fuel. The state subsequently sold RIK ANS to GVEA in two other contracts until 1992. As in the first contract, GVEA traded these volumes with Mapco.

In 1978 the State contracted with Earth Resources Company of Alaska, predecessor to Mapco Alaska and now Williams Alaska Petroleum Company, to supply 15 percent of Prudhoe Bay RIK oil production less the quantity dedicated to GVEA. This 25-year contract expires in December 2003. Williams receives a maximum of 35,000 barrels per day of RIK oil produced from the Prudhoe Bay Unit under this contract and has since supplemented this supply with new agreements for another 28,000 barrels per day. Williams is now the only purchaser of State RIK ANS crude oil. When the two Williams' contracts expire at the end of 2003, the royalty oil production available for new sales will rise to 120,000 barrels per day. Available royalty will decline thereafter at about 5 percent per year.

As mentioned above, Tesoro has been an important North Slope RIK customer. Tesoro negotiated and bid for several contracts that supplied it with RIK supplies from 1980 to 1998. Chevron was another big purchaser of North Slope RIK for oil supplied to its Nikiski refinery from 1980 through 1991, when it finally shut down its Nikiski refinery. In one of these contracts Chevron took RIK barrels from Tesoro in exchange. Petro Star Inc. purchased North Slope RIK from 1986 through 1991 for its new refinery at North Pole. In 1992 Petro Star negotiated a 10-year contract with the state for a supply of RIK from the Kuparuk River Unit. With this contract in hand, Petro Star was able to build the state's newest refinery in Valdez. As it happened, Petro Star elected to take no oil under this contract and the contract expired automatically nine months after it had been signed.

The state also held competitive auctions of RIK oil during the early 1980s as part of a program to routinely offer RIK short-term contracts. Winners of these sales included in-state refineries but also several outside refineries. Many of these buyers were also ANS producers. About 46 million barrels of Alaska North Slope RIK crude oil were sold in these auctions but the program was interrupted after the general collapse of oil prices in the mid 1980s. In January 2000, the Division of Oil and Gas published a *Notice of Interest in Sale of State Royalty Oil*. The response to this notice by prospective RIK purchasers prompted the division to plan for a competitive bid auction for volumes of RIK oil produced from several North Slope fields. The sale was subsequently held in August 2000 but no bids were offered.

In 2002, the state solicited offers and subsequently negotiated a draft contract with Anadarko Petroleum Company and EnCana Corporation for 350 million cubic feet of gas from the Prudhoe Bay and Pt. Thomson Units should a North Slope gas pipeline be built. The Division of Oil and Gas published a *Preliminary Best Interest Finding and Determination for the Sale of Alaska North Slope Royalty Gas* on March 29, 2002. Further work on this sale was postponed by the State in April. A final finding still must be published, and the sale must be submitted to the Alaska Royalty Oil and Gas Development Board and the legislature for approval.

Royalty-in-Kind Policy

The earliest RIK sales, notably Tesoro's first Cook Inlet contract, the first GVEA contract, and the Alpetco contract, generated controversy and debate in the state. Several issues arose as the RIK program evolved. Is the state better off negotiating sales one-on-one or auctioning RIK through competitive tenders? How much public input should be encouraged? Should the state subsidize the local refining industry through price breaks? What kind of oversight should be required? The debates of these questions led to the present program as set out in statutes and regulations.

When disposing royalty oil or gas, the commissioner is bound by AS 38.05.182 and AS 38.05.183. Furthermore, the legislature established the Alaska Royalty Oil and Gas Development Board (Royalty Board) under AS 38.06 to oversee the department's RIK program. Regulations under Title 11, Chapters 3 and 26 govern the actual disposition of royalty and the sale of RIK. (See <http://www.legis.state.ak.us/folhome.htm> for more information).

The rules that govern the sale of RIK may be reduced to a few principles.

- Any disposition of the state's royalty must be in the state's best interest. The state should sell its royalty rather than take it in-value as long as the best interests of the state are served.
- The state must receive a price for its RIK that is at least as much as it receives when the state takes its royalty in-value.
- Under certain circumstances, the state may sell its oil in a negotiated sale, but competitive sales are preferred.
- Although the price of RIK must equal or exceed the price of RIV, a review of each sale must consider economic, social, and environmental effects. In this way, benefits may be attributed to the sale of RIK to local refineries that would not be generated by sales to outside purchases.
- The public is a part of the process. Depending on the terms of the sale, the commissioner will publish best interest findings and solicit comments on the sale from the public.
- The Royalty Board must be notified of any disposition of RIK. For supply contracts for more than one year, the Royalty Board must evaluate the economic, social, and environmental effects of the sale, convene a public hearing, and recommend approval of the sale to the legislature.
- The legislature approves long-term contracts by enacting legislation.

Table V.1 Recent Royalty Oil Production and Revenues

North Slope, 1996-2002

	Badami	Colville River Unit	Duck Island Unit	Kuparuk River Unit	Milne Point Unit	Northstar	Prudhoe Bay Unit RIV	Prudhoe Bay Unit RIK	TOTAL Prudhoe Bay Unit	TOTAL North Slope
Production (Thousands of Barrels)										
1996	-	-	3,679.6	11,366.3	1,800.6	-	19,133.3	25,081.1	44,214.3	61,060.8
1997	-	-	3,324.4	10,978.3	2,657.0	-	18,399.6	26,139.6	44,539.2	61,498.8
1998	106.1	-	2,692.5	10,886.2	2,833.4	-	11,810.5	27,981.6	39,792.1	56,310.2
1999	179.2	1.3	2,263.3	10,822.0	2,699.2	-	15,508.5	19,070.7	34,579.2	50,544.1
2000	144.6	196.6	1,943.1	9,897.9	2,613.9	-	13,053.5	19,290.3	32,343.8	47,140.0
2001	104.0	2,785.5	1,696.9	9,076.4	2,687.9	212.9	13,643.5	15,187.0	28,830.6	45,394.3
2002	87.0	3,403.4	1,483.5	8,944.0	2,570.7	4,009.3	11,789.3	15,509.6	27,298.9	47,796.8
Revenues (Thousands of Dollars)										
1996	-	-	\$57,988	\$188,462	\$28,404	-	\$296,101	\$436,377	\$732,478	\$1,007,332
1997	-	-	\$42,866	\$150,137	\$33,777	-	\$242,341	\$383,701	\$626,042	\$852,822
1998	-	-	\$18,147	\$82,772	\$18,608	-	\$69,281	\$227,032	\$296,313	\$415,841
1999	-	\$57	\$26,461	\$136,802	\$31,596	-	\$170,204	\$259,246	\$429,450	\$624,366
2000	\$2,612	\$4,539	\$42,350	\$220,539	\$56,730	-	\$275,928	\$461,464	\$737,392	\$1,064,162
2001	\$1,051	\$47,972	\$31,796	\$160,694	\$47,356	\$1,584	\$236,464	\$279,804	\$516,268	\$806,722
2002	\$108	\$62,818	\$27,128	\$173,379	\$48,818	\$75,797	\$201,726	\$320,378	\$522,104	\$910,151

Cook Inlet & Statewide, 1996-2002

	Granite Point Field	South Granite Point Unit	Cannery Loop Field	North Middle Ground Shoal	Middle Ground Shoal	South Middle Ground Shoal	Trading Bay Field	Trading Bay Unit	West McArthur Unit	Redoubt Unit	TOTAL Cook Inlet	TOTAL STATE
Production (Thousands of Barrels)												
1996	320.3	-	0.0	50.6	216.5	32.5	73.6	762.7	162.0	-	1,618.2	62,679.0
1997	303.5	-	-	42.0	150.6	26.8	75.1	632.4	80.6	-	1,311.0	62,809.8
1998	259.8	-	-	44.7	196.0	28.8	87.1	602.4	116.2	-	1,335.0	57,645.2
1999	172.4	51.0	-	38.2	181.9	24.6	82.7	587.2	114.3	-	1,252.2	51,796.3
2000	119.2	98.5	-	43.5	170.5	22.8	79.6	602.8	111.6	-	1,248.6	48,388.5
2001	109.3	92.9	-	39.7	194.4	19.8	72.3	671.1	152.9	-	1,352.4	46,746.7
2002	105.2	86.1	-	27.1	197.1	20.8	76.0	704.3	120.3	2.3	1,339.2	49,136.0
Revenues (Thousands of Dollars)												
1996	\$5,825	-	-\$6	\$1,000	\$4,266	\$613	\$1,188	\$13,330	\$2,257	-	\$28,474	\$1,035,805
1997	\$5,175	-	-	\$764	\$3,655	\$490	\$1,192	\$10,561	\$1,795	-	\$23,633	\$876,456
1998	\$2,813	-	-	\$544	\$2,244	\$346	\$853	\$5,902	\$1,107	-	\$13,809	\$429,650
1999	\$2,090	\$1,388	-	\$662	\$3,073	\$406	\$1,261	\$8,917	\$1,583	-	\$19,380	\$643,746
2000	\$4,201	\$3,840	-	\$1,491	\$4,647	\$821	\$2,632	\$17,073	\$2,790	-	\$37,495	\$1,101,657
2001	\$2,515	\$2,051	-	\$959	\$4,338	\$476	\$1,522	\$13,908	\$2,941	-	\$28,710	\$835,432
2002	\$2,337	\$1,850	-	\$619	\$5,428	\$494	\$1,609	\$14,992	\$2,680	\$54	\$30,062	\$940,214

Revenues include principal and interest from revisions and settlements in the year received.

Table V.2 Recent Royalty Oil Production by Lessee

North Slope

	Production (Thousands of Barrels)						
	1996	1997	1998	1999	2000	2001	2002
Amerada Hess	-	-	-	-	-	-	-
Amoco	360	297	237	199	119	-	-
Anadarko	-	-	-	0	43	613	749
Arco	12,394	11,120	9,522	10,729	-	-	-
BP	18,375	16,683	13,595	14,233	11,869	11,075	14,546
Chevron	116	99	64	91	77	81	117
CIRI	36	30	1	-	-	-	-
ConocoPhillips AK	-	-	-	-	-	-	11,244
DOYON	7	6	5	4	4	3	3
Exxon	6,364	5,571	3,563	4,815	-	-	-
ExxonMobil	-	-	-	-	4,596	5,287	-
ExxonMobil AK Prod	-	-	-	-	-	-	4,282
Forcenergy/Forest Oil	-	5	3	4	2	2	2
L L & E	5	-	-	-	-	-	-
Mapco 1978 Contract	13,037	12,652	11,148	12,442	12,718	12,522	12,167
Mapco 1997 Contract	-	466	4,451	-	-	-	-
Marathon	6	-	-	-	-	-	-
Mobil	280	237	155	195	-	-	-
NANA	22	18	14	12	11	8	8
Oxy	155	208	224	212	189	-	-
Petrofina	-	-	32	54	43	31	-
Phillips	231	190	113	151	10,201	12,482	-
Phillips Alpine Alaska	-	-	-	-	-	-	749
Shell	7	-	-	-	-	-	-
Tesoro	14,346	13,022	11,498	-	-	-	-
Texaco	63	52	31	41	35	38	18
TotalFina ELF	-	-	-	-	-	-	-
Union Texas Petroleum	-	-	-	-	-	-	-
Unocal	976	842	771	732	659	587	570
Williams 1998 Contract	-	-	884	6,628	6,572	2,665	3,342
North Slope TOTAL	66,779	61,499	56,312	50,544	47,140	45,394	47,797

Cook Inlet

	Production (Thousands of Barrels)						
	1996	1997	1998	1999	2000	2001	2002
Cross Timbers/XTO	-	-	-	182	170	194	197
Forcenergy/Forest Oil	-	377	436	425	428	495	488
Marathon	386	-	-	-	-	-	-
Mobil/Exxon Mobil AK Prc	100	110	91	76	74	70	65
Shell	216	151	196	-	-	-	-
Stewart	162	30	-	-	-	-	-
Unocal	754	643	612	569	576	593	590
Cook Inlet TOTAL	1,618	1,311	1,335	1,252	1,249	1,352	1,339

Table V.3 Recent Royalty Oil Revenue by Lessee

North Slope

	Revenues (Thousands of Dollars)						
	1996	1997	1998	1999	2000	2001	2002
Amerada Hess	-\$118,215	\$34,097	-	-	-	-	-
Amoco	\$5,403	\$3,674	\$1,556	\$2,404	\$2,562	-\$0	-
Anadarko	-	-	-	\$12	\$982	\$10,374	\$14,180
Arco	\$190,182	\$155,281	\$72,786	\$135,879	-	-	-
BP	\$256,839	\$216,022	\$85,232	\$158,955	\$249,682	\$208,250	\$267,287
Chevron	\$1,712	\$1,274	\$368	\$1,044	\$1,608	\$1,422	\$2,070
CIRI	\$518	\$423	\$12	-	-	-	\$1,549
ConocoPhillips AK	-	-	-	-	-	-	\$211,239
DOYON	\$103	\$83	\$41	\$39	\$82	\$54	\$44
Exxon	\$90,516	\$71,707	\$19,733	\$52,342	-	-	-
ExxonMobil	-	-	-	-	\$98,415	\$83,945	-
ExxonMobil AK Prod	-	-	-	-	-	-	\$69,780
Forcenergy/Forest Oil	-	\$63	\$17	\$43	\$50	\$38	\$37
L L & E	\$68	-	-	-	-	-	-
Mapco 1978 Contract	\$207,138	\$185,000	\$90,752	\$166,427	\$304,389	\$223,123	\$247,246
Mapco 1997 Contract	-	\$6,032	\$38,590	-\$60	\$90	\$1,075	-
Marathon	\$84	\$1	-	-	-	-	-
Mobil	\$4,035	\$3,026	\$851	\$2,166	-	-	-
NANA	\$310	\$255	\$122	\$120	\$220	\$163	\$131
Oxy	\$2,248	\$2,778	\$1,533	\$2,626	\$4,290	-	-
Petrofina	-	-	\$168	\$616	\$807	\$284	-
Phillips	\$3,175	\$2,377	\$752	\$1,379	\$228,306	\$211,865	-
Phillips Alpine Alaska	-	-	-	-	-	-	\$13,718
Shell	\$102	-\$5	-	-	-	-	-
Tesoro	\$229,239	\$192,669	\$92,288	\$191	-\$623	\$1,632	\$887
Texaco	\$880	\$664	\$149	\$398	\$842	\$653	\$270
TotalFina ELF	-	-	-	-	-	-	-
Union Texas Petroleum	-	-	-	\$12	-	-	-
Unocal	\$14,896	\$11,463	\$6,013	\$9,078	\$14,851	\$9,868	\$10,858
Williams 1998 Contract	-	-	\$5,402	\$92,688	\$157,608	\$53,975	\$72,245
North Slope TOTAL	\$1,007,332	\$852,822	\$416,365	\$626,358	\$1,064,162	\$806,722	\$911,540

Cook Inlet

	Revenues (Thousands of Dollars)						
	1996	1997	1998	1999	2000	2001	2002
Cross Timbers/XTO	-	-	-	3,073	4,647	4,338	5,428
Forcenergy/Forest Oil	-	6,166	4,209	6,296	10,950	9,831	10,522
Marathon	6,620	-7	-	-	-	-	-
Mobil/Exxon Mobil AK Prc	1,810	1,882	1,094	1,165	1,824	1,525	1,348
Shell	4,266	3,655	2,244	-	-	-	-
Stewart	2,257	1,104	-	-	-	-	-
Unocal	13,521	10,834	6,262	8,846	20,074	13,016	12,764
Cook Inlet TOTAL	28,474	23,633	13,809	19,380	37,495	28,710	30,062

Table V.4 Recent Royalty Gas Production and Revenues

North Slope, 1996-2002

	Duck Island Unit	Kuparuk River Unit	Milne Point Unit	Prudhoe Bay Unit	TOTAL North Slope
Production (Thousand Cubic Feet)					
1996	32,446	107,807	9,466	1,467,794	1,617,513
1997	35,605	90,487	26,034	1,337,301	1,489,427
1998	36,255	79,552	27,156	1,178,761	1,321,724
1999	168,919	78,783	27,611	1,092,217	1,367,530
2000	31,785	135,929	27,436	1,061,761	1,256,911
2001	30,780	98,806	28,978	1,341,442	1,500,006
2002	32,108	83,021	29,718	3,711,292	3,856,140
Revenues					
1996	\$30,497	\$96,452	\$29,676	\$1,318,431	\$1,475,056
1997	\$31,402	\$63,482	\$28,326	\$1,154,595	\$1,277,804
1998	\$27,554	\$32,473	\$23,723	\$949,674	\$1,033,424
1999	\$150,373	\$50,763	\$26,108	\$937,602	\$1,164,845
2000	\$39,659	\$160,539	\$33,872	\$1,156,060	\$1,390,130
2001	\$33,017	\$119,259	\$31,606	\$1,114,358	\$1,298,240
2002	\$36,574	\$79,070	\$34,277	\$3,591,859	\$3,741,781

Cook Inlet, 1996-2002

	Beluga River Unit	Cannery Loop Unit	South Granite Point Unit	Granite Point Field	Ivan River Unit	Kenai Unit	Lewis River Unit	Nicolai Creek	North Middle Ground Shoal Unit	Middle Ground Shoal
Production (Thousand Cubic Feet)										
1996	2,777,105	122,528	-	109,798	1,167,827	159,084	11,389	-	403	996
1997	2,628,297	186,477	-	141,763	935,228	140,655	7,057	-	17,965	-
1998	2,508,785	163,775	1,127	162,690	800,046	111,751	11,959	-	131,092	-
1999	2,704,980	167,759	28,102	67,573	631,597	111,459	29,916	-	246,030	-
2000	2,913,658	236,492	55,787	73,754	461,437	149,187	16,232	-	72,167	-
2001	3,143,083	318,033	5,491	59,671	667,307	234,786	26,852	32,297	52,739	-
2002	3,313,302	286,118	3,859	34,936	756,028	233,375	111,535	31,792	14,404	-
Revenues										
1996	\$3,942,906	\$205,833	-	\$180,076	\$1,995,187	\$250,307	\$19,865	-	\$14,576	\$613
1997	\$4,598,164	\$325,190	-	\$191,592	\$1,318,780	\$249,102	\$9,943	-	\$23,979	-
1998	\$4,264,931	\$231,820	\$1,353	\$221,096	\$1,070,859	\$156,838	\$15,585	-	\$160,470	-
1999	\$3,782,832	\$271,607	\$30,115	\$82,135	\$757,916	\$294,223	\$35,899	-	\$300,841	-
2000	\$4,657,037	\$482,859	\$58,151	\$215,085	\$5,338,631	\$298,388	\$508,075	-	\$808,397	-
2001	\$6,947,145	\$1,216,499	\$5,995	\$82,050	\$932,562	\$476,303	\$37,703	\$61,686	\$88,702	-
2002	\$7,586,256	\$748,357	\$4,218	\$50,088	\$1,057,045	\$453,777	\$160,290	\$17,840	\$20,846	-

	South Middle Ground Shoal	North Cook Inlet Unit	Pretty Creek Unit	Spark Platform	Sterling Unit	North Trading Bay Unit	Stump Lake Unit	Trading Bay Field	Trading Bay Unit	TOTAL Cook Inlet	TOTAL State
Production (Thousand Cubic Feet)											
1996	489	6,910,165	41,347	2,814	558	57	44,183	-	7,248,017	18,596,759	20,214,272
1997	-	6,490,318	53,928	62,872	81	-	30,942	19,031	6,982,452	17,697,067	19,186,494
1998	-	6,665,243	61,640	85,882	4	-	18,332	-	7,841,950	18,564,277	19,886,001
1999	-	6,372,036	3,982	28,044	15	-	11,978	-	7,333,019	17,736,489	19,104,019
2000	-	6,548,758	-	-	4,384	18,632	6,839	-	6,802,700	17,360,027	18,616,938
2001	-	6,732,002	11,471	-	8,820	-	56	-	6,509,275	17,801,883	19,301,889
2002	-	6,537,260	189,692	-	11,655	-	-	-	5,198,621	16,722,576	20,578,716
Revenues											
1996	\$72	\$11,615,706	\$69,483	\$3,796	\$1,514	\$77	\$31,502	-	\$10,286,938	\$28,618,453	\$30,093,509
1997	-	\$12,054,437	\$75,855	\$94,178	\$140	-	-	\$22,797	\$10,147,976	\$29,112,134	\$30,389,938
1998	-	\$8,874,018	\$82,099	\$118,197	\$8	-	\$71	-	\$10,768,856	\$25,966,200	\$26,999,624
1999	-	\$8,914,102	\$4,778	\$31,511	\$19	-	\$12,836	-	\$8,917,539	\$23,436,353	\$24,601,199
2000	-	\$14,057,602	\$678,220	-	\$6,825	\$25,859	\$1,253,836	\$1,999	\$10,743,014	\$39,133,978	\$40,524,108
2001	-	\$14,301,074	\$18,009	-	\$16,076	\$5,601	\$67	-	\$12,636,322	\$36,825,794	\$38,124,034
2002	-	\$12,562,238	\$276,074	-	\$26,280	-	-	-	\$9,631,572	\$32,594,879	\$36,336,660

Revenues include principal and interest from revisions and settlements in the year received.

Table V.5 Recent Royalty Gas Production by Lessee

North Slope

	Production (Thousand Cubic Feet)						
	1996	1997	1998	1999	2000	2001	2002
Arco	387,761	400,895	393,981	412,016	-	-	-
BP Exploration	761,862	657,646	560,854	627,551	488,604	735,945	3,134,638
Chevron	17,786	16,561	5,070	-	-	1	2
ConocoPhillips AK	-	-	-	-	-	-	461,188
Exxon	297,260	284,187	264,969	241,821	-	-	-
Exxon Mobil	-	-	-	-	298,217	293,045	260,247
Forest Oil	-	-	-	-	-	3	-
Mobil	101,256	84,433	78,519	74,713	-	-	-
NANA	32,446	25,930	-	-	-	-	-
Oxy	1,512	1,988	2,134	2,203	1,997	-	-
Phillips	17,630	17,786	16,197	9,226	468,093	470,986	-
Unocal	-	-	-	-	-	27	65
North Slope TOTAL	1,617,513	1,489,427	1,321,724	1,367,530	1,256,911	1,500,007	3,856,140

Cook Inlet

	Production (Thousand Cubic Feet)						
	1996	1997	1998	1999	2000	2001	2002
Arco	930,529	812,591	760,156	902,501	-	-	-
Aurora Power	-	-	-	-	-	32,296	31,792
Chevron	809,536	830,436	843,072	1,026,724	1,002,570	1,303,514	1,459,992
ConocoPhillips AK	-	-	-	-	-	-	1,287,322
Danco	85	-	-	-	-	-	-
Marathon	4,475,074	3,995,784	4,062,765	4,347,695	4,358,280	4,234,315	3,356,118
Mobil/ Exxon Mobil	22,815	50,177	55,372	21,509	52,341	4,118	2,894
Municipal Light & Power	-	-	905,557	775,755	677,169	617,794	565,988
Phillips	6,910,165	6,490,318	6,665,243	6,372,036	7,782,678	7,953,777	6,537,260
Shell	1,038,035	985,270	-	-	-	-	-
Unocal	4,410,520	4,532,490	5,272,111	4,290,269	3,486,988	3,656,068	3,481,210
Cook Inlet TOTAL	18,596,759	17,697,067	18,564,277	17,736,489	17,360,026	17,801,882	16,722,576

Revenues include principal and interest from revisions and settlements in the year received.

Table V.6 Recent Royalty Gas Revenues by Lessee

North Slope

	Revenue						
	1996	1997	1998	1999	2000	2001	2002
Arco	\$326,746	\$325,488	\$297,465	\$343,610	-	-	-
BP Exploration	\$658,038	\$543,435	\$451,204	\$539,789	\$539,435	\$593,254	\$3,054,036
Chevron	\$47,435	\$33,157	\$7,165	-	-	\$19	\$5
ConocoPhillips AK	-	-	-	-	-	-	\$446,181
Exxon	\$229,871	\$207,325	\$182,809	\$185,339	-	-	-
Exxon Mobil	-	-	-	-	\$318,417	\$264,849	\$241,558
Forest Oil	-	-	-	-	-	-	-
Mobil	\$168,198	\$127,870	\$79,937	\$86,789	-	-	-
NANA	\$30,782	\$23,282	-	-	-	-	-
Oxy	\$964	\$1,929	\$1,887	\$1,937	\$1,744	-	-
Phillips	\$13,021	\$15,319	\$12,957	\$7,381	\$530,534	\$440,117	-
Unocal	-	-	-	-	-	-	-
North Slope TOTAL	\$1,475,056	\$1,277,804	\$1,033,424	\$1,164,845	\$1,390,130	\$1,298,239	\$3,741,781

Cook Inlet

	Revenue						
	1996	1997	1998	1999	2000	2001	2002
Arco	\$1,352,425	\$1,411,208	\$1,262,404	\$1,169,971	-	-	-
Aurora Power	-	-	-	-	-	\$61,686	\$17,840
Chevron	\$1,073,740	\$1,551,102	\$1,559,786	\$1,605,202	\$1,697,968	\$3,135,824	\$3,739,693
ConocoPhillips AK	-	-	-	-	-	-	\$2,530,071
Danco	\$799	-	-	-	-	-	-
Marathon	\$6,181,274	\$6,061,206	\$5,736,683	\$5,557,091	\$6,795,330	\$10,428,942	\$7,432,627
Mobil/ Exxon Mobil	\$19,482	\$47,489	\$55,372	\$21,509	-\$246	\$4,113	\$2,867
Municipal Light & Powe	-	-	\$1,442,741	\$1,007,659	\$1,082,297	\$1,415,666	\$1,316,493
Phillips	\$11,615,706	\$12,054,437	\$8,874,018	\$8,914,102	\$15,934,374	\$16,696,729	\$12,562,238
Shell	\$1,517,354	\$1,635,854	-	-	-	-	-
Unocal	\$6,857,672	\$6,350,838	\$7,035,196	\$5,160,819	\$13,624,255	\$5,082,834	\$4,993,051
Cook Inlet TOTAL	\$28,618,453	\$29,112,134	\$25,966,200	\$23,436,353	\$39,133,978	\$36,825,794	\$32,594,879

Revenues include principal and interest from revisions and settlements in the year received.

**Table V.7 and Figure V.1 North Slope Royalty in-Kind Sales
1979-2002 (Barrels per Year)**

	Alpetco	Chevron	Williams (Mapco)	Golden Valley Elec Assoc	Tesoro	Petro Star	1st Comp Sale	2nd Comp Sale	Quasi- Comp Sale	ANS TOTAL RIK	ANS TOTAL RIV	ANS TOTAL RIK + RIV
1979	-	-	446,996	-	-	-	-	-	-	446,996	10,584,481	11,031,477
1980	12,020,950	882,414	5,976,024	-	3,427,388	-	-	-	-	22,306,777	47,047,583	69,354,360
1981	26,046,878	859,928	8,808,400	398,051	1,661,385	-	14,046,953	-	-	51,821,595	17,666,128	69,487,723
1982	898,714	-	9,632,099	764,762	36,841	-	1,432,108	-	-	12,764,524	61,136,212	73,900,736
1983	-	11,674,998	11,723,755	1,208,406	5,793,973	-	-	-	-	30,401,132	44,599,235	75,000,367
1984	-	14,053,279	13,093,397	1,870,505	7,531,155	-	-	-	-	36,548,337	39,396,031	75,944,369
1985	-	7,804,392	13,260,754	1,928,544	17,218,912	-	-	22,511,409	1,716,754	64,440,764	16,633,246	81,074,010
1986	-	6,934,482	13,168,483	1,881,232	23,538,192	52,667	-	4,686,801	1,862,051	52,123,907	30,262,661	82,386,568
1987	-	9,330,563	14,094,537	2,013,539	18,404,806	539,575	-	-	-	44,383,020	43,899,311	88,282,331
1988	-	9,315,264	13,814,522	1,981,998	18,307,014	590,832	-	-	-	44,009,630	44,068,971	88,078,602
1989	-	8,611,606	12,529,175	1,784,782	16,387,093	607,468	-	-	-	39,920,122	40,833,646	80,753,768
1990	-	8,099,292	12,735,412	1,670,494	15,368,565	621,220	-	-	-	38,494,983	37,242,490	75,737,473
1991	-	6,290,546	11,183,462	1,670,699	15,336,301	618,247	-	-	-	35,099,255	42,537,362	77,636,617
1992	-	-	6,303,005	801,795	14,412,451	-	-	-	-	21,517,251	60,174,977	81,692,228
1993	-	-	9,086,280	-	9,814,311	-	-	-	-	18,900,591	55,796,583	74,697,174
1994	-	-	11,812,241	-	10,312,487	-	-	-	-	22,124,728	50,657,903	72,782,631
1995	-	-	12,680,470	-	13,703,946	-	-	-	-	26,384,415	43,664,553	70,048,968
1996	-	-	13,037,159	-	14,345,554	-	-	-	-	27,382,712	39,396,515	66,779,227
1997	-	-	13,117,616	-	13,021,937	-	-	-	-	26,139,553	35,359,288	61,498,841
1998	-	-	16,483,827	-	11,497,733	-	-	-	-	27,981,560	28,330,383	56,311,943
1999	-	-	19,070,664	-	-	-	-	-	-	19,070,664	31,473,445	50,544,109
2000	-	-	19,290,297	-	-	-	-	-	-	19,290,297	27,848,612	47,138,909
2001	-	-	15,187,012	-	-	-	-	-	-	15,187,012	30,207,251	45,394,263
2002	-	-	15,509,592	-	-	-	-	-	-	15,509,592	32,287,249	47,796,841
	38,966,543	83,856,765	292,045,179	17,974,807	230,120,043	3,030,009	15,479,061	27,198,210	3,578,804	712,249,420	911,104,117	1,623,353,537

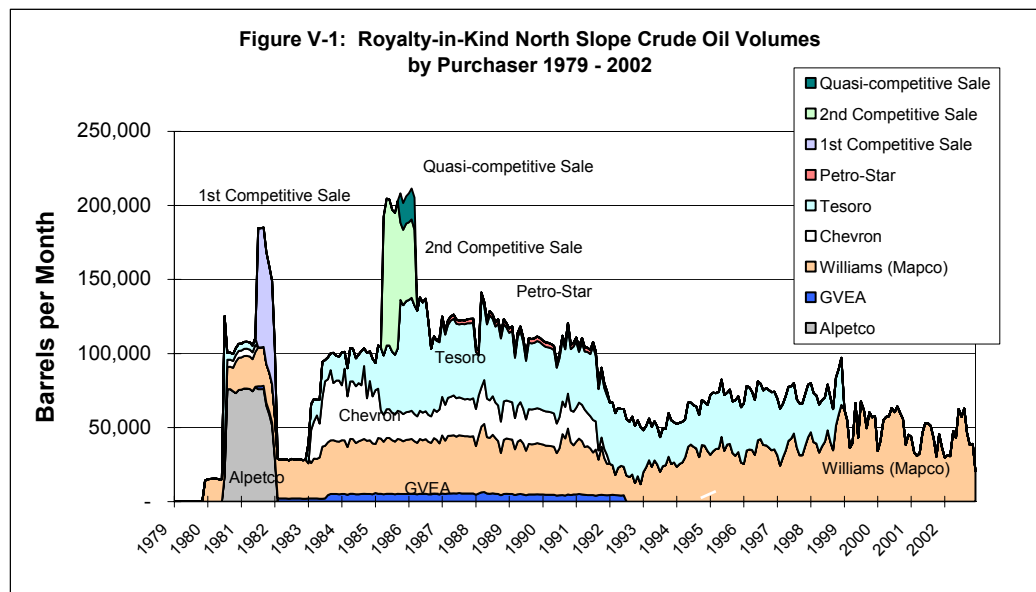


Table V.8 Cook Inlet Royalty in-Kind Sales

1979-2002 (Barrels per Year)

	Tesoro ¹	Chinese Petroleum ²	CI TOTAL RIK	CI TOTAL RIV	CI TOTAL RIK + RIV	TOTAL RIK	TOTAL RIV	TOTAL RIK + RIV
1979	4,849,631	-	4,849,631	-	4,849,631	5,296,627	10,584,481	15,881,108
1980	4,094,229	-	4,094,229	-	4,094,229	26,401,006	47,047,583	73,448,589
1981	3,560,736	-	3,560,736	-	3,560,736	55,382,331	17,666,128	73,048,459
1982	3,065,159	-	3,065,159	-	3,065,159	15,829,683	61,136,212	76,965,895
1983	2,719,044	-	2,719,044	-	2,719,044	33,120,176	44,599,235	77,719,411
1984	2,431,987	-	2,431,987	-	2,431,987	38,980,324	39,396,031	78,376,356
1985	1,382,740	-	1,382,740	462,245	1,844,985	65,823,504	17,095,491	82,918,995
1986	-	-	-	1,922,102	1,922,102	52,123,907	32,184,763	84,308,671
1987	-	625,099	625,099	1,104,010	1,729,109	45,008,119	45,003,321	90,011,440
1988	-	798,885	798,885	912,193	1,711,078	44,808,515	44,981,164	89,789,680
1989	-	1,274,480	1,274,480	388,888	1,663,368	41,194,602	41,222,534	82,417,136
1990	-	579,337	579,337	480,570	1,059,908	39,074,320	37,723,061	76,797,381
1991	-	330,540	330,540	1,354,524	1,685,064	35,429,795	43,891,886	79,321,681
1992	-	-	-	1,661,526	1,661,526	21,517,251	61,836,503	83,353,754
1993	-	-	-	1,514,651	1,514,651	18,900,591	57,311,234	76,211,825
1994	-	-	-	1,717,759	1,717,759	22,124,728	52,375,662	74,500,390
1995	-	-	-	1,718,805	1,718,805	26,384,415	45,383,358	71,767,773
1996	-	-	-	1,618,158	1,618,158	27,382,712	41,014,673	68,397,385
1997	-	-	-	1,311,001	1,311,001	26,139,553	36,670,289	62,809,842
1998	-	-	-	1,335,030	1,335,030	27,981,560	29,665,413	57,646,973
1999	-	-	-	1,252,231	1,252,231	19,070,664	32,725,676	51,796,340
2000	-	-	-	1,248,564	1,248,564	19,290,297	29,097,175	48,387,473
2001	-	-	-	1,273,518	1,273,518	15,187,012	31,480,769	46,667,780
2002	-	-	-	1,339,178	1,339,178	15,509,592	33,626,427	49,136,019
	22,103,526	3,608,341	25,711,867	22,614,953	48,326,820	737,961,287	933,719,069	1,671,680,356

Notes:

¹ East and west side.

² West side export.

Figures V.2A & B Historical Royalty Oil Production

North Slope and Cook Inlet

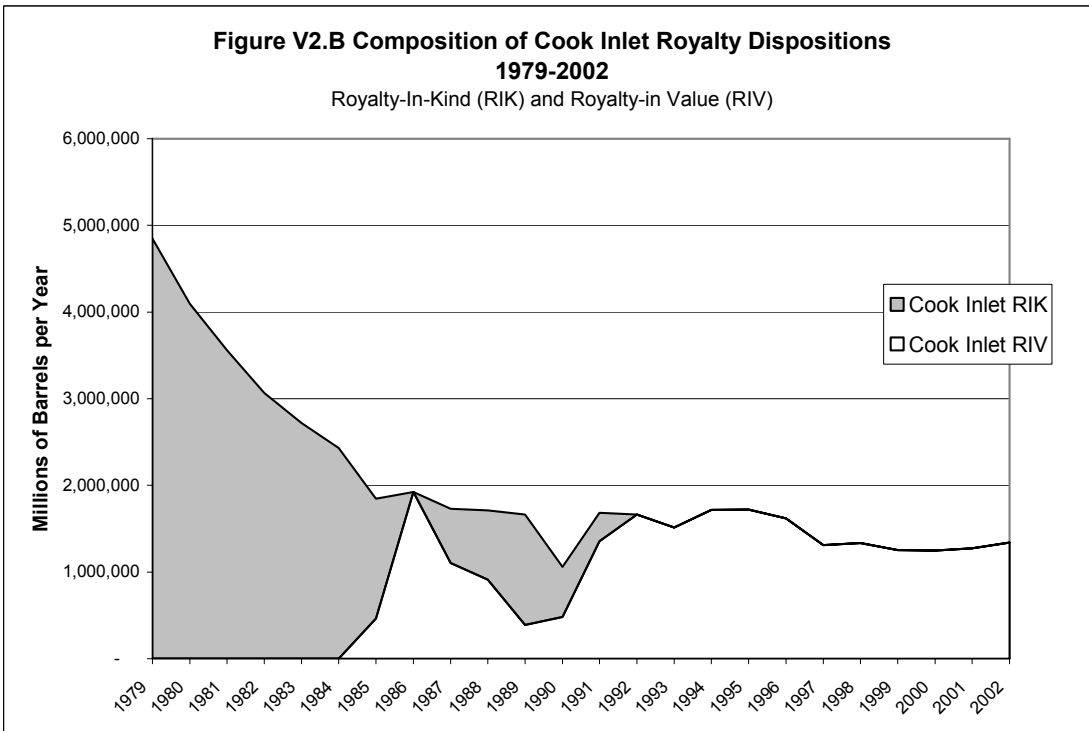
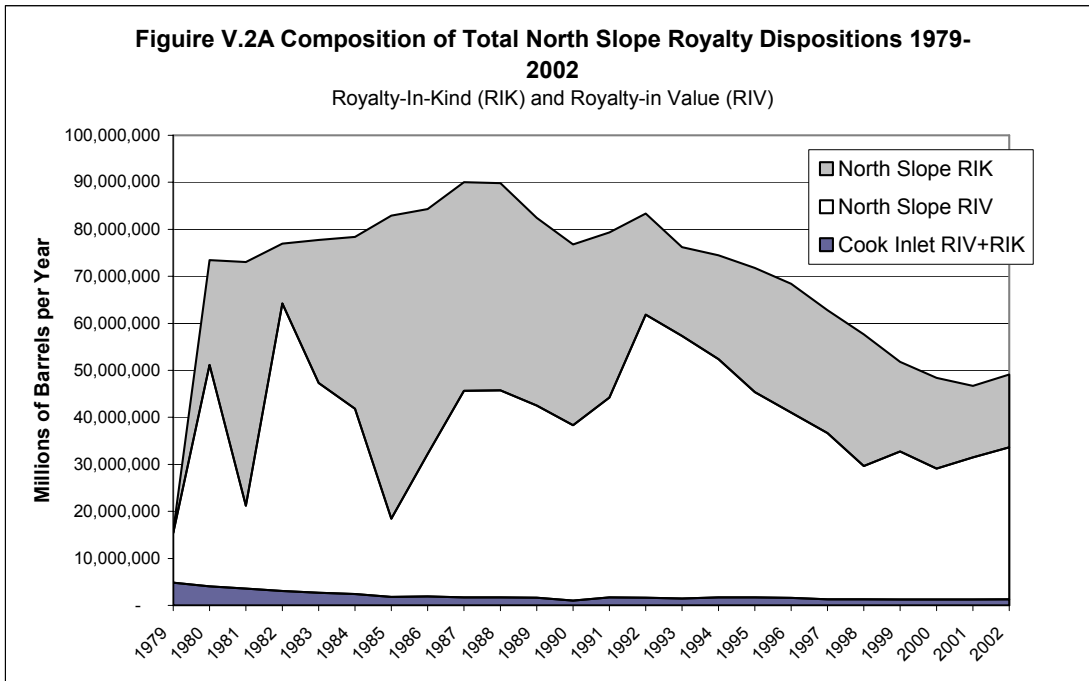


Figure V.3 Major North Slope Royalty in-Kind Sales Contracts
1979-2003

